GOVERNMENTOF ANDHRA PRADESH
ABSTRACT

Industries and Commerce Department–Extension of certain incentives under Electronics Policy 2014-20 to M/s. Dixon Technologies (India) Pvt. Ltd. to set up Electronics Manufacturing Unit at Tirupati Industrial Area, Chittoor District– Orders-Issued.

INDUSTRIES &COMMERCE(POLICY&INVESTMENT) DEPARTMENT

G.O.MS.No. 170 Dated: 09-12-2016

Read the following:-

1. From the Managing Director, M/s.Dixon Technologies (India) Pvt. Ltd., letter, Dt:12.10.2016 and the DPR Submitted by M/s. Dixon Technologies (India) Pvt. Ltd.
2. Empowered Committee Meeting on26.10.2016.
3. State Investment Promotion Board Meeting on 28.10.2016.

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ORDER:-

In the letter 1st read above, M/s. Dixon Technologies (India) Pvt. Ltd. has informed that it intends to set up an Electronics Manufacturing unit in Tirupati Industrial Area, Chittoor District to manufacture LED Television from screen size 19' to 65", Washing Machine Twin Tub & Single Tub (Fully automatic), LED lighting products (not restricted to but including LED Lamps, Down Lighters, Street light, LED Baton, Mobile Phones, Home Theatres, CFL Lamps for export, Air Conditioners etc.), Injection Moulding Infrastructure for backward integration of all products produced. Apart from manufacture of the above, the company will also be setting up repair and refurbishment centre for Mobile Phones, LED Television and Digital Set Top Box. The total investment of the project is estimated at Rs.150 Crore and has the potential to create employment to 1,500 people.

2. The Company has requested for the following benefits:

(i) Two already constructed sheds each of 50,349 sq. ft. to be taken on rent for 30 years @INR 11/sq. ft. rental rate with an escalation of 5% every 5 years.

(ii) The company has requested for permission to construct at their own cost an Office Block and Canteen between the two sheds. The request for the open area to be of the extent of 23,496 sq. ft. with a rental rate of INR 4/sq. ft with an escalation of 5% every 5 years.

(iii) Two more sheds to be constructed opposite to present sheds for future expansion and provided within 6 months of start of first production. Dixon Technologies have requested to reserve the land for their expansion

(iv) Assurance of provision of facilities such as water connection, sewer facility, electricity connection with 33 KV line on load tap transformer and electricity panel at each shed along with approach roads.

(v) The company requests for a rent free period of 2 months (on hand over after creating above facility) in order to make pre preparations for the unit.

(vi) According to policy/precedence the unit may avail CST reimbursement for a period of 10 years. But as GST be implemented within this 10 year period, the company wants a protection of this 2% in CGST as and when the same is implemented.

(vii) 100% reimbursement of VAT or SGST paid for a period of 8 years. In order to avoid refund process hassle the company requests that DT pay VAT/SGST for the 1st quarter and the same be kept as security deposit by Government of Andhra Pradesh and thereafter on basis of quarterly return their reimbursement may be processed with no need for deposit/refund every time.

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(viii) Provision of logistics subsidy on 25% of freight incurred (inward and outward) subject to ceiling of INR 50 lakhs/annum.
(ix) Provision of interest subsidy @5% on term loan subject to INR 1.5 Cr. per annum for a period of 7 years.
(x) Provision of training subsidy as follows – INR 10,000 per employee upto 3000 employees. INR 15,000 per employee from 3001 to 5000 employees. INR 20,000 per employee over 5001 employees.
(xi) Investment subsidy to be provided as follows: 20% for investment up to INR 100 Cr. with limit of INR 10 Cr. INR 20 Cr. for investment of over INR 100 cr.
(xii) 25% power subsidy on power bills to the extent of INR 2 Cr. in a period of 5 years from date of commencement of commercial production
(xiii) Request for transport subsidy for providing transport to employees @INR 1000 per employee for a minimum period of 3 years to be able to employ over 1000 people manpower currently unavailable in Tirupati
(xiv) All other incentives as per the State Electronics Policy 2014-20.

3. In the reference 2nd read above, the Empowered Committee of Secretaries (EC) has examined the proposal of M/s. Dixon Technologies (India) Pvt. Ltd., in detail and decided to extend the following incentives:

(i) The Empowered Committee noted that the lease rental in Noida and in other developed areas are varying from Rs.13-15 per Sq.ft. and our cost of Rs.20 /per sq.ft is on higher side. Hence, the EC recommended for a lease rental @ Rs. 11/ sq. ft. with an escalation of 5 % every 5 years, as being a first case and would be starting the production within 3 months, after getting all the clearances.
(ii) To provide the open space of 23,496 sq. ft. between the two sheds at the lease rate of Rs 4 / sq. ft. with an escalation of 5 % every 5 years.
(iii) To permit APIIC to construct two sheds for future expansion within 6 months.
(iv) External infrastructure facilities like power line, water connection from the nearest bore-well shall be provided till the door step. However, the company will have to provide necessary applications with the concerned Departments to get the utilities.
(v) The request for providing the premises rent free for two months has not been agreed to as rental solicited is at a subsidized rate.
(vi) CT Department informed CST on inter-State sales will be replaced by IGST (Integrated Goods and Services Tax) on inter-State supplies of Goods and/or Services. Further, it may also be noted that CGST is a Central component on which State has no jurisdiction. The Committee felt that in the absence of clear guidelines, it may not be possible to give protection for CST. However, it was advised to place the matter before SIPB.
(vii) SIPC suggested to place the issue before the SIPB to discuss on depositing the tax of the first quarter by the company against which the Department will adjust the subsequent quarter tax to be paid by the company, which will reduce the procedural burden of payment and refund as per the model adopted by Telangana.
(viii) The following fiscal incentives to be granted on the lines of Sri Venkateshwara Mobile & Electronics Manufacturing Hub and Electronics Policy 2014-20:

(a) 100% net VAT/SGST/CST reimbursement for 8 years without any investment limit. However, CT Department is of the view that VAT/CST will be replaced by CGST/SGST on intra-State sales and IGST on inter-State sales. Further, in the case of inter-state sales the SGST paid to the State will be transferred to the importing State and there will not be any tax left with the State for reimbursement to the industrial unit. It is advised to formulate incentives keeping in view the design and structure of GST which is slated for introduction from 1-4-2017.

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(b) 25% logistic subsidy, on transport of components, parts and accessories to the factory, limited to Rs. 50 lakh per annum for a period of 5 years.
(c) Investment subsidy of 20% limited to 20 crore.
(d) Power subsidy of 25% is available for Mega Projects for a period of five years limited to Rs. 2 crore.
(e) Interest Subsidy @ 5.0% upto Rs.1.50 crore per year for a period of 7 years.
(f) 50% reimbursement of the cost incurred subject to a maximum of Rs. 10,000 per employee to the companies for providing skill gap trainings to the engineers of AP Domicile,
(g) All other incentives as per Electronic Policy
(h) Empowered Committee did not recommend for transport subsidy as there is no precedence.

4. In the reference 3rd read above, the State Investment Promotion Board (SIPB) has examined the proposal of M/s. Dixon Technologies (India) Pvt. Ltd., in detail and decided to extend the following incentives:

(i) To provide two sheds of each 50,349 sq. ft in Tirupati Industrial Area on lease with a rental of Rs. 11/ sq. ft. with an escalation of 5% every 5 years, considering the lease rentals prevailing in Noida and Sri City for similar kind of facilities.

(ii) To provide the open space of 23,496 sq. ft. between the two sheds at the lease rate of Rs 4/ sq. ft with an escalation of 5 % every 5 years.

(iii) To permit APIIC to construct two sheds for future expansion within 6 months.

(iv) External infrastructure facilities like power line, water connection from the nearest bore- well shall be provided till the door step. However, the company will have to make necessary applications with the concerned Departments to get the utilities

(v) The request for providing the premises rent free for two months has not been agreed to as rental solicited is at a reasonable rate.

(vi) To give assurance for protection of CST in event of GST regime. However, detailed modalities will be worked post issuance of the guidelines on implementation of GST

(vii) With regard to the issue of depositing the tax of the first quarter by the company against which the Department will adjust the subsequent quarter taxes to be paid by the Company, which will reduce the procedural burden of payment and refund as per the model adopted by Telangana, the Chairman directed the Department to go for a Real Time Incentives payment system and assured that the required budgetary provision will be made. Chairman advised the Special Chief Secretary, Finance & Revenue (CT) Department to work out the budgetary provisions for payment of incentives on Real Time basis

(viii) Granted the following fiscal incentives on the lines of Sri Venkateshwara Mobile& Electronics Manufacturing Hub and Electronics Policy 2014-20:

(a) 100% net VAT/SGST/CST reimbursement for 8 years without any investment limit.
(b) 25% logistic subsidy, on transport of components, parts and accessories (inward and outward) limited to Rs. 50 lakh per annum for a period of 5 years.
(c) Investment subsidy of 20% limited to 20 crore.
(d) Power subsidy of 25% is available for Mega Projects for a period of five years limited to Rs. 2 crore.
(e) Interest Subsidy @ 5.0% upto Rs.1.50 crore per year for a period of 7 years.

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(f) 50% reimbursement of the cost incurred subject to a maximum of Rs. 10,000 per employee to the companies for providing skill gap trainings to the engineers of AP Domicile
(g) Transport Subsidy up to a maximum of Rs.500 per employee per month or 25 lakh per year whichever is less, reimbursed on an annual basis, subject to the condition the unit shall provide direct employment to at least 1000 people in backward District. However, SIPB noted that Transport Subsidy @ Rs. 1000 was not recommended by Empowered Committee as there is no precedence.
(h) All other incentives as per Electronics Policy.

5. Government after careful examination of the proposal and in view of the recommendations of the State Investment Promotion Board, hereby decided to extend the following to M/s. Dixon Technologies (India) Pvt. Ltd, to set up Electronics manufacturing unit at Tirupati Industrial Area, Chittoor District with an investment of Rs. 150 Crore and has the potential to create employment to 1,500 people:

(i) to provide two sheds of each 50,349 sq. ft. in Tirupati Industrial Area on lease with a rental of Rs. 11/ sq. ft. with an escalation of 5% every 5 years considering the lease rentals prevailing in Noida and Sricity for similar kind of facilities.

(ii) to provide the open space of 23,496 sq. ft. between the two sheds at the lease rate of Rs 4/ sq. ft with an escalation of 5 % every 5 years.

(iii) to Permit the APIIC to construct two sheds for future expansion within 6 months.

(iv) to provide External infrastructure facilities like power line, water connection from the nearest bore- well till the door step. However, the company will have to make necessary applications with the concerned Departments to get the utilities.

(v) to assure for protection of CST in event of GST regime and modalities will be worked post issuance of the guidelines on implementation of GST.

(vi) The following fiscal incentives on the lines of Sri Venkateshwara Mobile & Electronics Manufacturing Hub and Electronics Policy 2014-20:

(a) 100% net VAT/SGST/CST reimbursement for 8 years without any investment limit (from the Date of Commencement of Commercial Production).
(b) 25% logistic subsidy, on transport of components, parts and accessories (inward and outward) limited to Rs. 50 lakh per annum for a period of 5 years (from the Date of Commencement of Commercial Production).
(c) Investment subsidy of 20% limited to 20 crore.
(d) Power subsidy of 25% is available for Mega Projects for a period of five years from the Date of Commencement of Commercial Production limited to Rs. 2 crore
(e) Interest Subsidy @ 5.0% upto Rs.1.50 crore per year for a period of 7 year from the Date of Commencement of Commercial Production.
(f) 50% reimbursement of the cost incurred subject to a maximum of Rs. 10,000 per employee to the companies for providing skill gap trainings to the engineers of AP Domicile
(g) Transport Subsidy up to a maximum of Rs.500 per employee per month or 25 lakh per year whichever is less, reimbursed on an annual basis, subject to the condition the unit shall provide direct employment to at least 1000 people in backward district. However, SIPB noted that Transport Subsidy @ Rs1000 was not recommended by Empowered Committee as there is no precedence.
(h) All other incentives as per Electronics Policy.

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5. Industries Department shall develop a Real Time Incentives payment system and assured that the required budgetary provision will be made.

6. Special Chief Secretary, Finance & Revenue (CT) Department shall work out the budgetary provisions for payment of incentives on Real Time basis.

7. Information Technology, Electronics and Communications Department, the VC & MD, APIIC, Vijayawada and the Director of Industries, Andhra Pradesh shall take necessary action, accordingly and intimate the status of the progress of work done by the unit from time to time to the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
Information Technology, Electronics and Communications Department
The Director of Industries, Andhra Pradesh,Hyderabad.
M/s. Dixon Technologies (India) Pvt. Ltd. through the Director of Industries, AndhraPradesh.
The Vice Chairman and Managing Director, Andhra Pradesh Industrial Infrastructure Corporation Limited.
The Finance (FMU-Rev-IC)Department.
The Revenue (CT) Department
Copy to
The Collector & District Magistrate, Chittoor District.
The General Manager, District Industries Centre, Chittoor District.
The Zonal Manager, APIIC, Chittoor.
The Revenue (CT) Department.
The Revenue (Registration) Department. The Law (H) Department.
The Accountant General, Andhra Pradesh
The Commissioner of Commercial Taxes
The Vice Chairman & Managing Director, APIIC.
P.S. to Secretary to Chief Minister
P.S. to Chief Secretary to Government
P.S. to Secretary to Government & CIP, Industries & Commerce Dept.
SC/SF.

// FORWARDED :: BY ORDER //

SECTION OFFICER